ONLINE GUIDE "BUSINESS MANAGEMENT"

1. GOALS.

The objectives of the Business Management Guide module are:

- Reflect on the current situation of your business.
- Set the objectives to be achieved.
- Define a strategy to achieve your business goals.
- Establish control and decision-making mechanisms.

2. BENEFITS.

The benefits for the USER of applying the knowledge acquired in this module Guide for business management are:

- Have a business plan to help you organize your ideas and decide what you want to do in the short term.
- Determine in advance what the current situation is, where you want to go and how long it will take to reach the objectives set out in the plan itself.

3. APPROACH

After each financial year, decisions must be made that affect functional aspects, knowing where it has been right and wrong, and how it can be enhanced and corrected in each case.

Below is an orientation guide for preparing a business plan for each new year, with which you can decide what is best for the organization.

"Before you start ... stop to think"

First of all, we must assess, even the small details, in order to become aware of the steps to follow and quantify the profitability that can be expected from our business for the new year.

Reflect, at least, on:

- Where I am?
- Where and how do I go?
- Am I going where I want to?

DIAGNOSIS	PLANNING	MONITORING AND CONTROL
Were I am?	Were and how do I go?	Am I going where I want to?
Initial reflection that evaluates those variables that allow defining the current situation, how it has been reached and what are the opportunities and threats that the environment offers us .	Definition of objectives (achievable) in the short term, and deployment of actions necessary to achieve them. .	Evaluation of the business plan. System to ensure that the planned activities are carried out and the proposed objectives are achieved.

4. DIAGNOSIS

4.1 THE STARTING POINT

Analysis of the situation that answers at least the following questions:

What do we know how to do or do we want to sell?

Who are we developing it for or who might be interested in it?

How do we value it and market it?

Who are our competitors?

4.2 WHAT?

It always starts with a business idea that must be defined and be very clear about what need it satisfies: describe the product, highlighting its most important characteristics or those that differentiate it from the competition.

What service do we provide or what are its characteristics:

- Characterization of the service / product.
- Description of the main services.
- Product added / differential value.

4.3 FOR WHOM?

We must know who our client is, characterizing the demand segments to which we sell our services / products:

- Individual, family, institutional, business, etc., and what are their socioeconomic characteristics (income level, culture, lifestyle ...).

- Geographic origin, how you travel, etc., and demographic characteristics.

For whom?

	Motivation	Buying Channels	Origin	Purchasing Power	Consumption Unit	Average Expense
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

4.4 HOW?

Complementary services.

Diversification of formats and sales channels.

What are our services and how do we sell them:

- Description of basic and complementary services.
- Product portfolio (accommodation + health pack, accommodation + nature pack…).
- Level of integration in the tourist experiences of the destination.
- Online sale: direct or through third parties.
- Marketing and distribution channels.

4.5 WHO ARE OUR COMPETITORS?

- Geographic location
- Characteristics of your product and service
- Discounts and promotions that use
- Your strengths / weaknesses
- How do they sell and at what price?
- Do you sell substitute services for ours?

How can we compete with them?

- Cost leadership.
- Differentiation.
- Specialization / Focus
- Markets and segments.

Finally, can we compete with them?

Who are our competitors?

Name	Business Concept	Midium Price	Distribution Channels	Product/ Services

To make this diagnosis correctly, we can consult different sources of information: Internet, tourist information offices, personal relationship between managers, distribution channels, suppliers, etc.

4.6 SWOT ANALYSIS

	HELPFUL	HARMFUL
INTERNAL ORIGIN	STRENGHTS	**WEAKNESSES**
EXTERNAL ORIGIN	**OPPORTUNITIES**	**THREATS**

INTERNAL ANALISIS: STRENGTHS AND WEAKNESSES

It has to do with the strengths and weaknesses of your business, aspects over which you have some degree of control.

Ask yourself questions like these:

- What are those five aspects where you think you outperform your main competitors?
- What are those five areas where you think your competitors outperform you?

EXTERNAL ANALISIS: OPPORTUNITIESA AND THREATS

Ask yourself questions like these:

- What really are the biggest threats you face in the environment?
- What are the best opportunities you have?

4.7 OTHER APPROACHES AND TOOLS

There are other approaches and tools for conducting business analysis. They stand out:

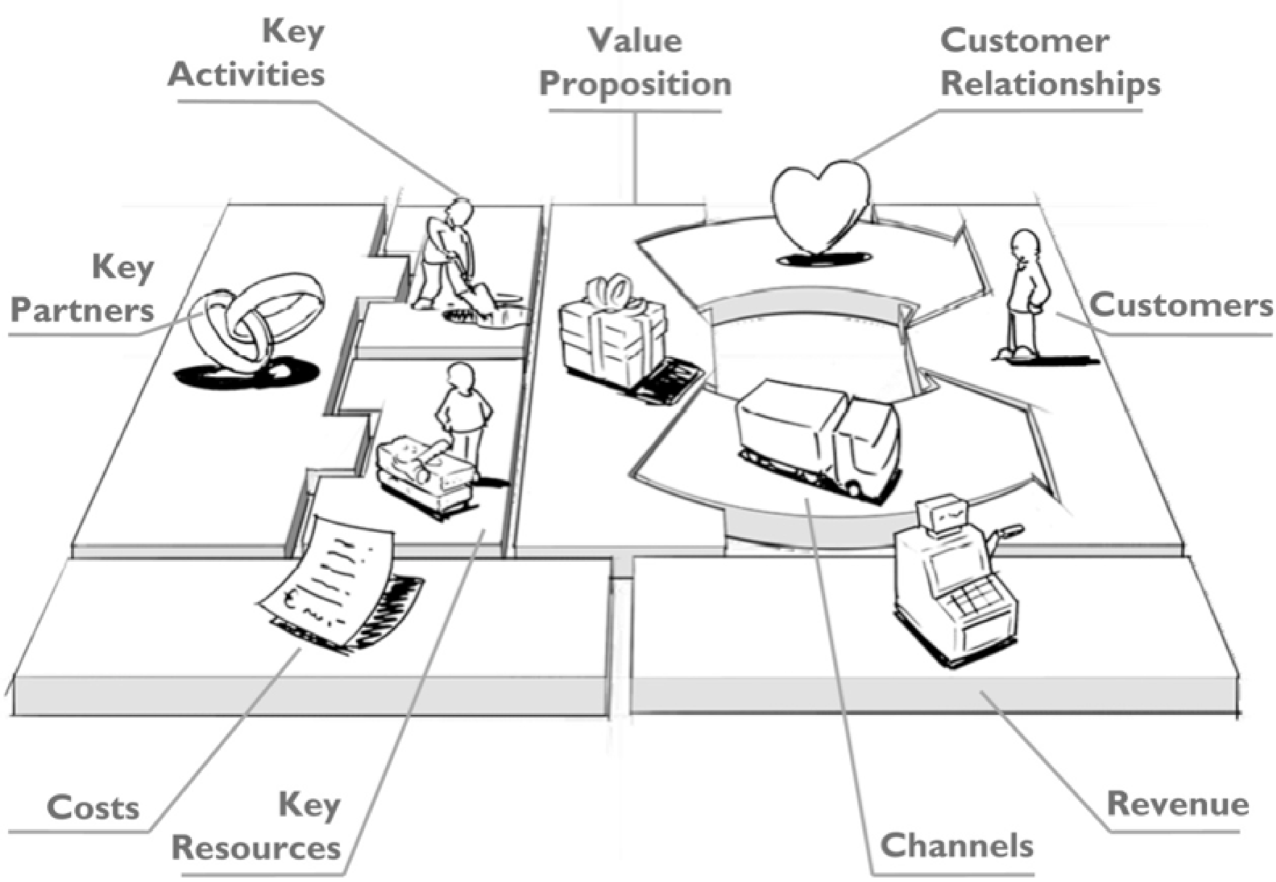
1 Canvas Model: helps to graphically express the analysis of:

The Value Proposition that is made (to a customer segment)

The Business Model (or how to materialize said Value Proposition)

2 STOF analysis

CANVAS MODEL



We are going to explain one by one the steps to be completed in CANVAS. This model is divided into two parts: the right part is everything internal to our business idea (customers, income, relationships, communication channels ...) and the left part is the external (partners, activities, resources, expenses ...)

IMPORTANT: it is not a business plan, short, direct, clear and simple sentences are written.

CUSTOMER

Who are we targeting? What people are going to generate income in our company? They are ALL the clients we have, labeled in the CANVAS with a different color to know how to differentiate how our relationship or value proposition will be with each one of them. For example, if your business idea is a clothing store, your customers will obviously be those who buy the garments but also other designers who want to have their brand present in your store and from whom you take commission. Therefore, they are all those who leave € in your company.

VALUE PROPOSITION

This is the most fundamental of this whole model because it helps us to make an exercise of what we are really offering and its difference with respect to what already exists, that is, what do I offer my clients that others do not? You should try to explain more or less in a 'tweet' and it can be more complicated than it seems. We recommend a post it of each color according to the client you are going to talk about, that is why the value proposition must be different for each of them, you are not going to offer the same to a veterinarian than a dog and if a dog is your client you should give him a value proposition.

COMMUNICATION CHANNELS

Once our clients, their needs and what value or differentiation we are going to contribute are known, we have to consider through which channels we are going to send it to them. EYE! This is not a question of logistics, it is simply choosing which path we are going to take to reach our customers. The channels in the CANVAS model can be 3:

1. Communication channels: how do we communicate with our clients? For example through the RRSS that our client archetype usually uses.
2. Distribution channels: how do we get our value proposition to the customer? It can be to distributors, points of sale or customers who have made the purchase.
3. Sales channels: how are we going to market our product or service? As can be the case with a web platform.

CUSTOMER RELATIONSHIP.

It is the type of relationship you want to establish with the different customer segments you have, it is not the same to address the customer who buys than an advertiser. These relationships can be:

- Personal: face to face, by phone.
- Through technology: email.
- Through third parties: outsourcing.
- Customized.
- Through a community.

In order to develop this point, you can answer questions such as, for example, what kind of relationship do you want to maintain with your client? Is this client in tune with the rest of the CANVAS points? How much does it cost me to maintain a relationship with this client? For this last point, exact numbers are not needed, just an appreciation.

REVENUE

As we have already said, the CANVAS serves to reflect on our idea and everything will be developed later in the business and financial plan, therefore, in this section you do not have to do real numbers or do all the accounts, simply Objectively assess what we are going to generate income through: clients, advertising, ...

To answer this section, you can ask yourself, Where does the money come from? BEWARE that if it does not enter anywhere, you better pivot and redesign your business idea!

KEY RESOURCES

It is important to know but do not get too hot if today you still do not know all of them, simply what resources the key activities that you are going to develop need. For example, if your business idea is a recording studio, the key resources will be the recording equipment and the studio itself.

KEY ACTIVITIES

Basically they are the internal key activities that your value proposition needs, for example: marketing and advertising, production processes ... As always, this section consists of listing in general terms the activities that you are going to do because they are the ones that differentiate you. or because they are necessary for the development of the company.

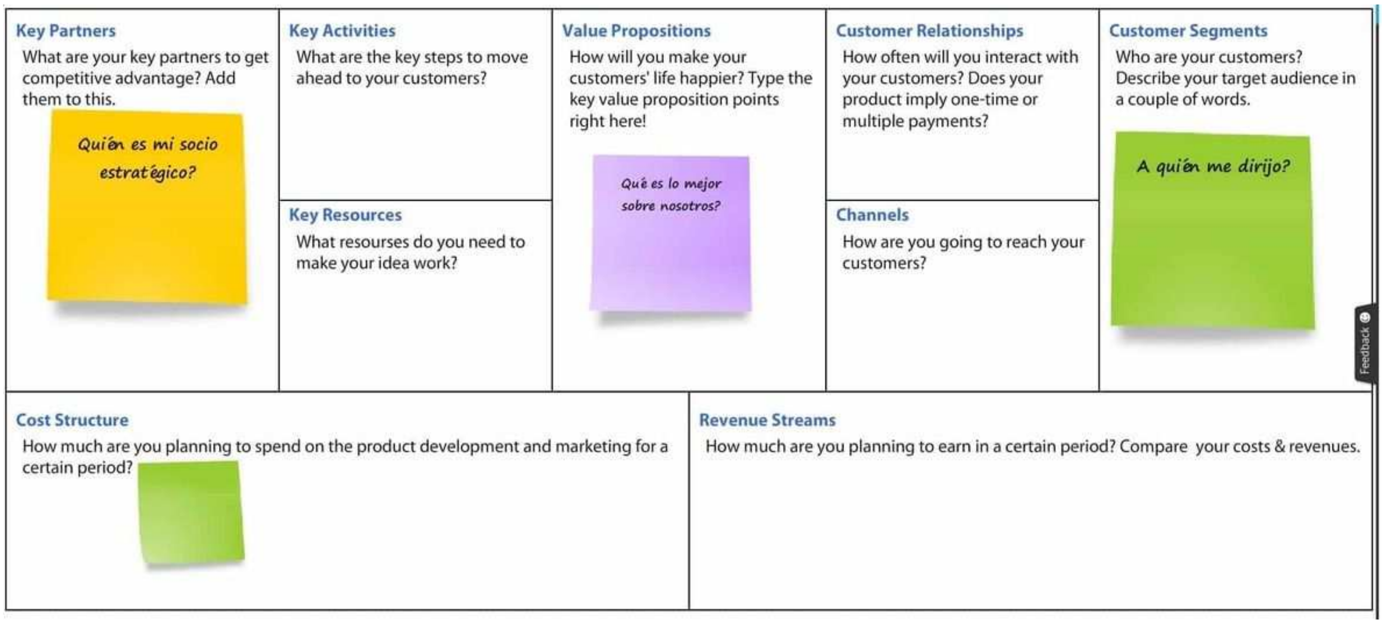
KEY PARTNERS

Not only does it mean those people who make up your team, they can also be collaborators or people who, because of their work, are going to be necessary for the development of your company, such as a computer scientist or an advisor to whom you are going to outsource in the first place. In any case, it is recommended to form a good team of different profiles, look for valid people in their field and that each of them contribute their knowledge, they may either have shares in the company or assure them a salary as benefits come in. In my case I am alone but I have to subcontract several people, but the point has already arrived where I have realized that the path would be much easier if I had travel companions with administration or law profiles.

COST AND REVENUE STRUCTURE

NO EXACT CALCULATIONS ARE NEEDED. It serves to visualize where your money is going to go, where yes or yes you will have to invest: for example, the cost of an office, computer ... In terms of INCOME it is the same but in this case it is how much you are going to earn and through What services are you going to obtain income from, for example if your business model is a dog groomer, your income will come from the dog owners.

The benefits of using this method is that it provides an easy-to-understand overview of what the business will look like and how to create, deliver, and capture value in relation to customers. It also focuses on how value influences the entire enterprise, regardless of stage of development, business offering, or complex details of strategy implementation. Finally, Canvas helps to understand the customer in a comprehensive way, beyond the simple parameters of marketing



2 STOF ANALYSIS

The STOF model is the core of a specific methodology for project management developed by Harry Bouwman and other authors (Delft University of Technology in TPM faculty) that we find especially interesting and useful for approaching projects that include a computer development component. important. In fact, the model arises from the analysis of mobile phone services and other mobile telecommunications services, for example in the health sector, it can be especially important crucial for the development of eHealth models.

The STOF model analyzes the business from 4 angles (S for Services, T for Technologies, O for Organization and F for Financing) and the most important thing is that all 4 advance simultaneously, both in the initial phase of project conception and in subsequent development phases. It is very important that at the beginning of the project, it is possible to advance in a short time in the four aspects, so that the advantages of carrying out the project are perceived.

SERVICES

The key elements of the services perspective are:

1. First identify the customer segments the project is targeting (targeting)
2. Create the offer of value for them
3. Create the brand (branding)
4. Design the way to retain the customer

The novelty in the market is a strong commercial asset that will influence the perception of customers of the value offered (the benefits received) with respect to the total costs (or sacrifice) of obtaining the property or the availability (rent, transfer of use, license of use, etc.) of the products-services. In addition, they not only have to satisfy needs and desires, but also provide a valuable experience to the customer, whose role in the process is increasingly relevant (see in this regard servitization).

Customers will want to access updated and complete content, with a friendly interaction (smooth), including customizable content generated by themselves, and protect the privacy of their information and transactions.

The expected value of services is determined by resources and capabilities (organization design) such as trust and reputation, and by financial arrangements (financial design).

TECHNOLOGIES

The key points for mastering the technology are:

1. Safety

2. The quality of service

3. Systems integration

4. Accessibility for customers

5. The management of the different user profiles

Technology must also allow “workspaces”, communities of practice in a generic sense, both for operational projects and for other research and innovation activities.

The technological infrastructure, despite its apparent complexity, must be absolutely functional, uniform and stable over time so that all users have the opportunity to develop the necessary skills (those who do not have them) for its use. This implies that the work tools are highly usable as well as intuitive (TAM - Technology acceptance model).

Technical architecture includes middleware, web services, networks, and infrastructure. All these elements play an important role in facilitating the process that allows the development, creation, provision and control of services.

ORGANIZATION

The organization, based on its actors, the professionals, must define its objectives, who does what, how decisions are made and how they relate to each other and to third parties. Its main elements are: the selection of partners, the openness of the network, its governance and its complexity.

The design of the form of organization describes the value network necessary for the provision of services. The value network consists of the set of interrelated actors endowed with certain resources and capacities to carry out activities that create value for clients while achieving their objectives and following the previously chosen strategy.

FINANCE

Finances must be defined together with the business model, paying special attention to the following factors:

1. pricing model
2. Necessary investments (investment analysis and prioritization of them)
3. expected cost and revenue model, including breakeven point if necessary for various scenarios.
4. evaluation of future benefits.

In the cost section, the impact of transaction costs should be mentioned, mainly the costs of planning, adapting, executing and monitoring the execution of activities.

The proportion of fixed and variable costs makes economies of scale and / or economies of range more important or not. The modularity of services facilitates their packaging according to user profiles.

5. Planning

To start planning, we must begin by establishing objectives, defining lines of action and the expected economic results.

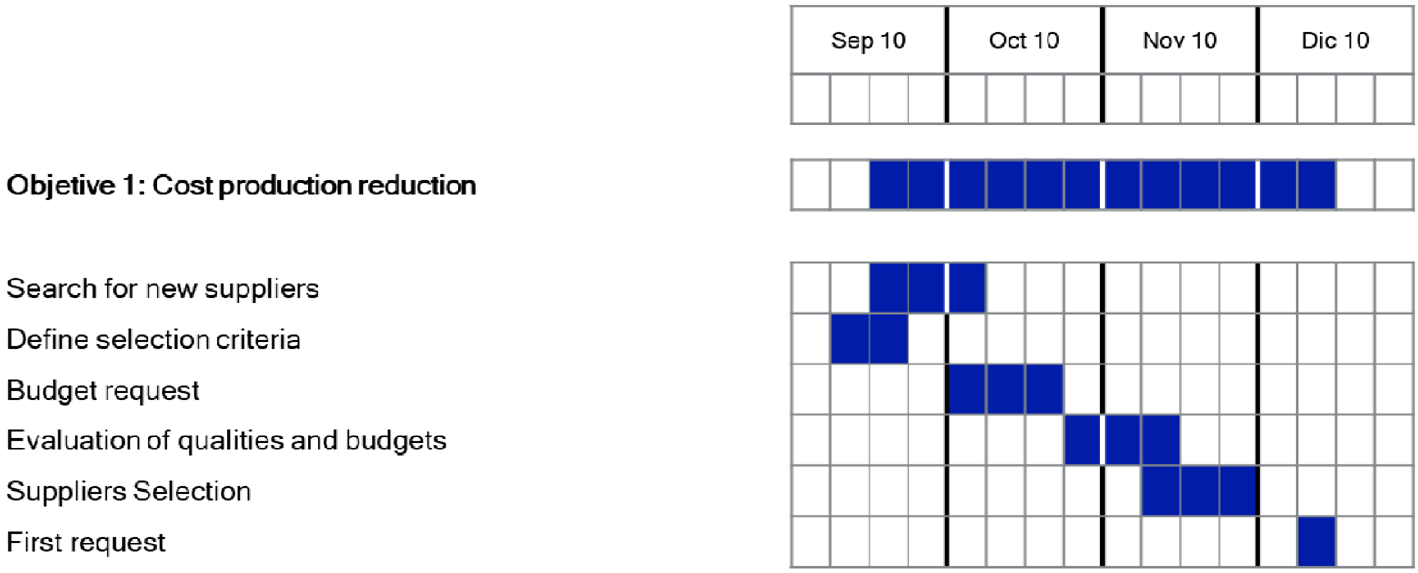
5.1 OBJECTIVES DEFINITION.

The objectives that we define must be characterized by being:

- Specific: concrete. Each objective must have a specific main action.
- Measurable: the objectives must be measurable.
- Achievable:
- Realistic: adapted to the reality of the company.
- Temporary: deadline for completion.

5.2 ACTION LINES

We need to plan the activities to be carried out to achieve the proposed objectives



5.2 EXPECTED ECONOMIC RESULTS.

To ensure the achievement of the exercise objectives, we must maintain control of the following aspects:

- LABOR COST:

When deciding the optimal staff, multiple aspects such as legal regulations, salary agreements; the general policy of the company and its image; the characteristics of the establishment; the season of the year, the structure of shifts and work hours and the occupancy-demand forecasts.

- BREAKEVEN POINT:

The point of balance.

It is very important to calculate the equilibrium point of our business, since it indicates the income we need to cover our operating costs, both fixed and variable.

What are fixed costs? Those that I will always have no matter the level of activity or even closed as has happened with COVID: rentals, civil liability insurance, mortgages, social insurance.

On the other hand the variable costs depend on the activity, electrical consumption, raw materials, transportation, etc.

We are going to calculate the balance point for a hostel, initial investment of 250.000 € and that has 25 places to sleep and a restaurant for guests.

CONCEPT	TOTAL €	% over sales
TOTAL SALES	100.000,00 €	
Variable cost	- 25.000,00 €	25
Electricity		
Raw materials; food, drinks		
Transports		
cleaning		
Contribution margin	75.000,00 €	
Personal expenses	- 30.000,00 €	30
Electricity	- 4.000,00 €	4
Mortgage	- 15.000,00 €	15
Insurance	- 500,00 €	0,5
WIFI, pay TV, phone	- 1.200,00 €	1,2
Amortization (250,000/20)	- 12.500,00 €	12,5
Total fixed cost	- 63.200,00 €	63,2
Profit before tax	**11.800,00 €**	

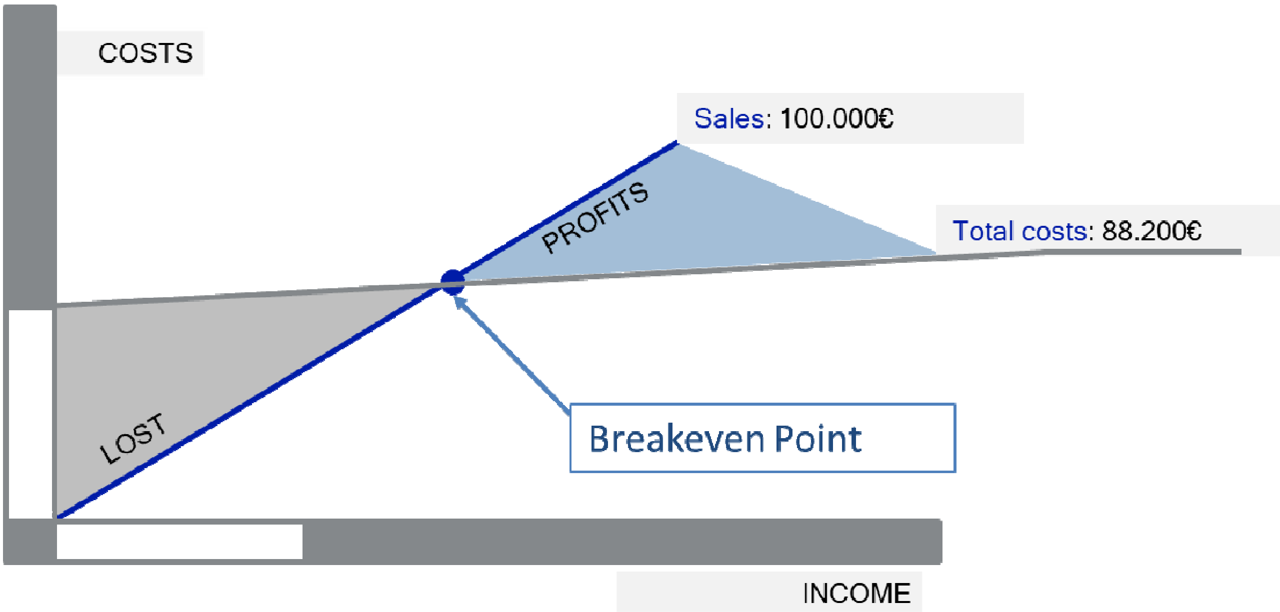
$$\text{BREAKEVEN POINT} = \text{sales} \times \frac{\text{Fixed cost}}{\text{Contribution margin (sales - variable cost)}}$$

In our example:

$$\text{Pont of balance} = 100.000\ € \times \frac{63.200\ €}{75.000\ €} = 84.266{,}67\ €$$

€ 84 266.67 is our breakeven point. Below that level of saleseven we will be losing money and whenever we exceed the breakeven point we will enter profits.

It is a very simple method to calculate the level of activity that our company needs to be profitable.



6. MONITORING AND CONTROL

It is very important for any company or business to know what is happening. Having this global and real vision facilitates decision-making, acting agile in the event of incidents and detecting financial deviations.

Using a dashboard to monitor the parameters of the company and have a real image of what happens inside and outside it is the ideal tool for executives and managers.

6.1 BALANCED SCORECARD

A balanced scorecard CMI (Balanced Scorecard) is a business management tool used to measure the situation and evolution of a company from a general perspective. The dashboard offers a series of numerical and graphic indicators (control, financial, stock, and other areas of the company) that offer a general, objective and real-time vision that helps the decision-making of managers.

Initially, the dashboards were based exclusively on financial data (balance sheet and income statement) and were carried out every 3 months. This financial view of the company limited the ability of managers to make decisions, since the data they had available represented the company in the past.

The scorecard offers information on the situation of the company and its objectives, and is developed taking into account 4 perspectives that are interrelated:

1. Financial Through financial indicators, companies can maximize their value and growth, for example, they can increase sales or reduce the cost of some processes to be more productive. These values can be measured from the dashboard and see if the strategies to improve them are working properly.
2. Client. The dashboard should collect metrics that measure the degree of relationship with customers. Some of these indicators are customer retention, customer satisfaction, and customer profitability.
3. Internal processes. The internal processes in a company add value to its products and services, and are also essential for any cost reduction strategy. Within the different types of processes of a company are the actions that are carried out on a day-to-day basis, management processes and customer relations, creation and innovation processes and social processes.
4. Formation and development. From this perspective, the scorecard must provide information on the intangibles of the company such as human capital (skills, abilities and competences), informational and communication (computer and communication networks and infrastructure) and

organizational (capacity and organization of the company to carry out the different processes).

6.2 ADVANTAGES OF USING A SCORECARD

There are countless advantages offered by the use of a scorecard within a business structure. Among the most important we highlight:

- Shows a global vision of the company's situation

A scorecard offers a global and detailed vision of the progress of the business, collecting different aspects that are fundamental for the good development of the company, not only focusing on financial variables. This global vision is based on real-time data, so it shows an accurate situation of the company at that moment.

- Facilitates the design and planning of strategies

The general and real-time vision of the company through the indicators of a scorecard allows the design of medium and long-term strategies, as well as providing information for quick decision-making (short-term actions).

The data offered by a scorecard on the strategies generated is not only based on the results, but also takes into account other important variables that influence the internal and external processes of the company.

- Provide smart information

A dashboard offers data on the internal processes of the company that help decision-making by management, which does not have to be aware of the minor of these processes.

- Involves the organization with the business strategy

The scorecard includes indicators from the perspective of training and development that take into account human capital. Therefore, it offers information on satisfaction, performance and other parameters related to the company's personnel, allowing measures to be taken to increase their involvement with the objectives set in the strategy.

- It allows to assess the success of the strategy

The dashboard shows indicators that offer numerical values, through which it can be seen if the strategy being developed is achieving the previously set objectives. The CMI offers real and measurable data making it a powerful and concrete tool to diagnose the current state of the company.

6.3 DANGERS WHEN USING A SCORECARD

Using a scorecard has some risks to be aware of. Companies are dynamic entities that evolve and change over time. That is why the choice of the appropriate BSC is important, as well as updating it, adding or removing the necessary indicators.

A professional software for managing a scorecard has an economic cost.

In many cases, for small businesses, we can use an excellent calculation chart to keep track of the most important variables for us.

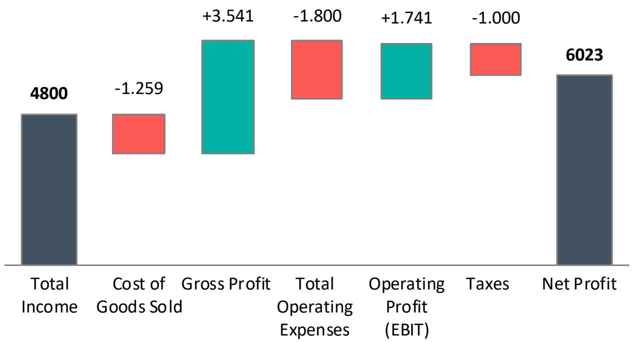
The main characteristic that a scorecard must offer is to offer a comprehensive vision of the company's situation and its evolution, for this it must be flexible and customizable.

6.4 FINANCIAL DASHBOARD EXAMPLE.

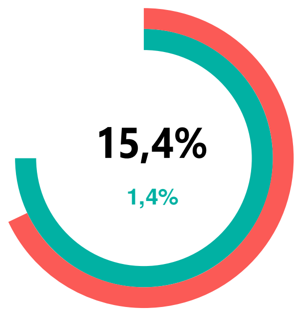
Indicator Name	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total	Var. between selected period and T-1 period
Income	4501	4800	4300	5100	4800	5200	5100	4100	5200	5184	4800	4625	4800	6,6%
Cost of Goods Sold	1250	1259	1255	1252	1235	1242	1226	1237	1262	1201	1236	1224	1259	0,7%
Gross Profit	3251	3541	3045	3848	3565	3958	3874	2863	3938	3983	3564	3401	3541	8,9%
Total Operating Expenses	1751	1800	1785	1722	1744	1751	1794	1850	2002	1738	1558	1444	1800	2,8%
Operating Profit (EBIT)	1500	1741	1260	2126	1821	2207	2080	1013	1936	2245	2006	1957	1741	16,1%
Taxes	800	1000	962	777	1001	750	999	888	911	781	874	980	1000	25,0%
Net Profit	700	741	298	1349	820	1457	1081	125	1025	1464	1132	977	741	5,9%
Net Profit Margin %	15,55%	15,44%	6,93%	26,45%	17,08%	28,02%	21,20%	3,05%	19,71%	28,24%	23,58%	21,12%	15,44%	-0,7%
Expenses	3001	3059	3040	2974	2979	2993	3020	3087	3264	2939	2794	2668	3059	1,9%
Cash at EOM	4385	4167	4711	4482	4299	4999	4889	4721	4321	4927	4288	4677	4167	-5,0%
Quick Ratio	1,33	1,47	1,89	2,11	1,94	1,68	1,45	1,22	1,11	1,55	1,76	1,33	1,47	10,5%
Current Ratio	4,11	3,66	4,01	4,08	4,11	2,99	3,22	3,66	3,12	3,55	3,88	3,99	3,66	-10,9%
Accounts Receivable	1060	991	1050	1068	1028	1020	1052	1016	1024	1067	1021	1003	991	-6,5%
Accounts Payable	884	867	904	1200	977	888	901	970	830	913	802	801	867	-1,9%
Income Budget	4718	5111	4888	5200	5222	5288	5311	4999	5388	5488	5500	4999	5111	8,3%
% of Income Budget	95%	94%	88%	98%	92%	98%	96%	82%	97%	94%	87%	93%	94%	-1,6%
Expenses Budget	3662	3674	3568	3650	3568	3595	3515	3561	3558	3530	3592	3556	3674	0,3%
% of Expenses Budget	82%	83%	85%	81%	83%	83%	86%	87%	92%	83%	78%	75%	83%	1,6%

If we are not experts in spreadsheets, there are numerous templates on the internet or we can even acquire a professional template.

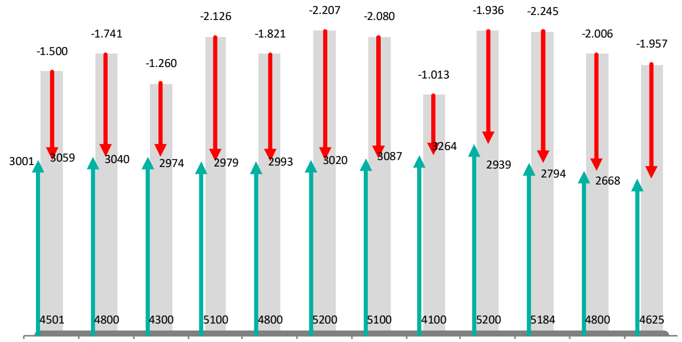
Statement



Net profit Margin %



Income and Expenses



Income

4.800

6,6%
vs. previous month

Expenses

3.059

1,9%
vs. previous month

% of Income Budget

Accounts Receivable

991

-6,5%
vs. previous month

Accounts Payable

867

-1,9%
vs. previous month

Net Profit

741

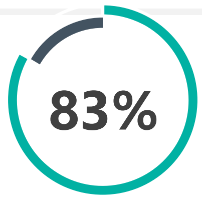
5,9%
vs. previous month

Cash at EOM

4.167

-5,0%
vs. previous month

% of Expenses Budget



Quick Ratio

1,47

10,5%
vs. previous month

Current Ratio

3,66

-10,9%
vs. previous month

7. KEY ISSUES

1. Before investing money, invest in time, increasing and updating the information you already have.
2. Define objectives and actions focused on improving business performance and make sure you are realistic.
3. Formulate a consistent and transparent strategy.
4. Coordinate the goals of the various organizational units.
5. Connect goals with financial and budget planning.
6. Choose a battery of indicators that corresponds to the information you already have.
7. Measure performance systematically, proposing timely corrective actions.
8. Mechanize the calculations with a computer tool that makes your work easier.
9. Create and use a business monitoring dashboard.